

Exhibit No.:
Issues: Residential Rate Design; Electric
Vehicles; Peak-Time Rebate Pilot;
Property Assessed Clean Energy
Financing; Value of Solar
Witness: Martin Hyman
Sponsoring Party: Missouri Department of Economic
Development – Division of Energy
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Case No.: ER-2016-0285

MISSOURI PUBLIC SERVICE COMMISSION

KANSAS CITY POWER & LIGHT COMPANY

CASE NO. ER-2016-0285

SURREBUTTAL TESTIMONY

OF

MARTIN R. HYMAN

ON

BEHALF OF

MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

DIVISION OF ENERGY

Jefferson City, Missouri

January 27, 2017

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**


In the Matter of Kansas City Power & Light)
Company's Request for Authority to Implement A) Case No. ER-2016-0285
General Rate Increase for Electric Service)

AFFIDAVIT OF MARTIN HYMAN

STATE OF MISSOURI)
) **ss**
COUNTY OF COLE)

Martin R. Hyman, of lawful age, being duly sworn on his oath, deposes and states:


1. My name is Martin R. Hyman. I work in the City of Jefferson, Missouri, and I am employed by the Missouri Department of Economic Development as a Planner III, Division of Energy.
2. Attached hereto and made a part hereof for all purposes is my Surrebuttal Testimony on behalf of the Missouri Department of Economic Development – Division of Energy.
3. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded are true and correct to the best of my knowledge.



Martin R. Hyman

Subscribed and sworn to before me this 27th day of January, 2017.

LAURIE ANN ARNOLD
Notary Public - Notary Seal
State of Missouri
Commissioned for Callaway County
My Commission Expires: April 26, 2020
Commission Number: 1680071



Notary Public

My commission expires: 4/26/20

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1 **I. INTRODUCTION**

2 **Q. Please state your name and business address.**

3 A. My name is Martin R. Hyman. My business address is 301 West High Street, Suite 720,
4 PO Box 1766, Jefferson City, Missouri 65102.

5 **Q. Please describe your educational background and employment experience.**

6 A. In 2011, I graduated from the School of Public and Environmental Affairs at Indiana
7 University in Bloomington with a Master of Public Affairs and a Master of Science in
8 Environmental Science. There, I worked as a graduate assistant, primarily investigating
9 issues surrounding energy-related funding under the American Recovery and
10 Reinvestment Act of 2009. I also worked as a teaching assistant in graduate school and
11 interned at the White House Council on Environmental Quality in the summer of 2011. I
12 began employment with the Missouri Department of Economic Development – Division
13 of Energy (“DE”) in September of 2014. Prior to that, I worked as a contractor for the
14 U.S. Environmental Protection Agency to coordinate intra-agency modeling discussions.

15 **Q. Have you previously filed testimony in this case before the Missouri Public Service
16 Commission (“PSC” or “Commission”) on behalf of DE or any other party?**

17 A. Yes. I filed Direct Testimony on residential rate design, advanced metering infrastructure
18 (“AMI”), off-peak electric vehicle (“EV”) rates, demand response rates, Property
19 Assessed Clean Energy (“PACE”) financing, and Pay As You Save® financing. I also
20 filed Rebuttal Testimony on many of these issues, as well as the Clean Charge Network
21 (“CCN”) proposed by Kansas City Power & Light Company (“KCP&L or Company”),
22 the value of solar, and demand-side management/Missouri Energy Efficiency Investment
23 Act (“MEEIA”) programs.

1 **II. PURPOSE AND SUMMARY OF TESTIMONY**

2 **Q. What is the purpose of your Surrebuttal Testimony in this proceeding?**

3 A. The purpose of my testimony is to respond to statements in the Rebuttal Testimonies of
4 witnesses for KCP&L, Commission Staff (“Staff”), and the Office of the Public Counsel
5 (“OPC”) regarding residential rate design, time-of-use (“TOU”) rates, electric vehicle
6 (“EV”) charging rates, the CCN, PACE and on-bill financing, and the value of solar.

7 **Q. What did you review in preparing this testimony?**

8 A. I reviewed the Rebuttal Testimony filed by Company witnesses Ms. Marisol E. Miller,¹
9 Mr. Tim M. Rush,² and Mr. Brian A. File,³ Staff witnesses Ms. Robin L. Kliethermes⁴
10 and Mr. Byron M. Murray,⁵ and OPC witness Dr. Geoff Marke⁶ as these filings pertain to
11 the issues discussed below. I also reviewed other filings and documents as cited below
12 with respect to the issues discussed in this testimony.

¹ Missouri Public Service Commission Case No. ER-2016-0285, *In the Matter of Kansas City Power & Light Company’s Request for Authority to Implement A General Rate Increase for Electric Service*, Rebuttal Testimony of Marisol E. Miller on Behalf of Kansas City Power & Light Company, December 30, 2016.

² Missouri Public Service Commission Case No. ER-2016-0285, *In the Matter of Kansas City Power & Light Company’s Request for Authority to Implement A General Rate Increase for Electric Service*, Rebuttal Testimony of Tim M. Rush on Behalf of Kansas City Power & Light Company, December 30, 2016.

³ Missouri Public Service Commission Case No. ER-2016-0285, *In the Matter of Kansas City Power & Light Company’s Request for Authority to Implement A General Rate Increase for Electric Service*, Rebuttal Testimony of Brian A. File on Behalf of Kansas City Power & Light Company, December 30, 2016.

⁴ Missouri Public Service Commission Case No. ER-2016-0285, *In the Matter of Kansas City Power & Light Company’s Request for Authority to Implement A General Rate Increase for Electric Service*, Rebuttal Testimony of Robin L. Kliethermes on Behalf of Commission Staff Division – Operational Analysis Department, January 6, 2017.

⁵ Missouri Public Service Commission Case No. ER-2016-0285, *In the Matter of Kansas City Power & Light Company’s Request for Authority to Implement A General Rate Increase for Electric Service*, Rebuttal Testimony of Byron M. Murray on Behalf of Commission Staff Division, January 6, 2017.

⁶ Missouri Public Service Commission Case No. ER-2016-0285, *In the Matter of Kansas City Power & Light Company’s Request for Authority to Implement A General Rate Increase for Electric Service*, Rebuttal Testimony of Geoff Marke Submitted on Behalf of The Office of the Public Counsel (“Marke Rebuttal (Revenue Requirement)”), December 30, 2016.

Missouri Public Service Commission Case No. ER-2016-0285, *In the Matter of Kansas City Power & Light Company’s Request for Authority to Implement A General Rate Increase for Electric Service*, Rebuttal Testimony of Geoff Marke Submitted on Behalf of The Office of the Public Counsel (“Marke Rebuttal (Rate Design)”), January 6, 2017.

1 **III. RESIDENTIAL RATE DESIGN**

2 **A. RESPONSE TO COMPANY**

3 **Q. Ms. Miller claims that, “... several witnesses ... recommend denial of any increase**
4 **[to residential customer charges] or a desire to keep customer charges artificially**
5 **low, perhaps irrespective of associated customer related costs, largely ignore the**
6 **latest CCOS study completed by the Company that supports an increase.”⁷ Is this a**
7 **fair characterization of DE’s position?**

8 A. No. DE does not support a residential customer charge increase, but is not attempting to
9 “keep customer charges artificially low” or ignoring class cost-of-service (“CCOS”)
10 study results. Staff’s recalculated residential customer charge is \$12.62,⁸ which is below
11 the Company’s proposal of \$13.18⁹ and only slightly above the current customer charge
12 of \$11.88.¹⁰ As Ms. Miller herself states, “... CCOS results should only be used as a
13 guide and that bill impacts, revenue stability, rate stability and public acceptance must be
14 considered.”¹¹ Thus, even if one accepts that the CCOS study results support a customer
15 charge increase, such an increase must be considered in the context of bill impacts, public
16 acceptance, and efficiency-related price signals. As I show in my Direct Testimony, all
17 KCP&L customers would experience a single-month bill increase of between 10.84 and

⁷ ER-2016-0285, Miller Rebuttal, page 14, lines 8-12.

⁸ ER-2016-0285, Kliethermes Rebuttal, page 2, lines 4-5.

⁹ Missouri Public Service Commission Case No. ER-2016-0285, *In the Matter of Kansas City Power & Light Company’s Request for Authority to Implement A General Rate Increase for Electric Service*, Information Filed in Accordance with 4 CSR-240-3.030 – Minimum Filing Requirements for Utility Company General Rate Increases, July 1, 2016, Appendix 1 – Proposed Tariff Change Schedules, Residential Service – Schedule R, Sheet No. 5A.

¹⁰ Missouri Public Service Commission Tariff No. YE-2016-0078, Kansas City Power & Light Company, Schedule of Rates for Electricity, Residential Service – Schedule R, September 29, 2015, Sheet No. 5A.

¹¹ ER-2016-0285, Miller Rebuttal, page 10, lines 10-11.

1 10.97 percent under the Company's proposal,¹² indicating that the proposal would not be
2 equitable or send the best efficiency-inducing price signals due to the uniformity of the
3 impacts.

4 **Q. Ms. Miller also responds to your volumetric rate design proposals by stating that**
5 **the use of lower customer charges leads to the placement of “fixed costs of facilities**
6 **and demand costs” into the first block of volumetric rates, and that the Company**
7 **could face revenue sufficiency issues without declining block rates.¹³ How does DE**
8 **respond?**

9 A. Volumetric rates could be designed to recover non-customer-related charges outside of
10 the first rate block. In fact, doing so would follow cost-causation more appropriately
11 given that, in the long run, higher use necessitates greater investments in plant. Flat or
12 inclining block rates would send a more appropriate price signal for purposes of inducing
13 energy efficiency by letting customers know that higher use leads to higher costs.

14 DE can understand Ms. Miller's concerns with regards to revenue sufficiency when
15 transitioning towards flat or inclining block rates. However, that concern does not negate
16 the benefits of moving towards flat or inclining block rates – it only necessitates caution
17 and a gradual transition, such as that proposed in my Direct Testimony.¹⁴ Additionally, I
18 supported adjusting the rates which I proposed based on reasonable estimates of the price

¹² Missouri Public Service Commission Case No. ER-2016-0285, *In the Matter of Kansas City Power & Light Company's Request for Authority to Implement A General Rate Increase for Electric Service*, Direct Testimony of Martin R. Hyman on Behalf of Missouri Department of Economic Development – Division of Energy, December 14, 2016, page 27, line 2.

¹³ ER-2016-0285, Miller Rebuttal, pages 14-15, lines 16-23 and 1-5.

¹⁴ ER-2016-0285, Hyman Direct, pages 19-20, lines 2-16 and 1-10.

1 elasticity of demand, which would allow the Company to have an opportunity to meet its
2 revenue requirement even with changes in customer usage.¹⁵

3 **Q. Ms. Miller indicates that, “[DE’s] proposal views all costs as ‘variable.’”¹⁶ Is this a**
4 **fair characterization of your Direct Testimony?**

5 A. Not entirely. I stated that, “... the **long-run** view of utility costs is that they are all
6 variable – lower demand results in lower plant investment” (emphasis added).¹⁷ While
7 some historical costs are indeed “fixed,” utility decisions regarding plant investment are
8 best viewed as variable in the long run, as they are subject to meeting actual customer
9 usage needs. While DE agrees that the Company should be provided the opportunity to
10 recoup appropriate costs (including historical fixed costs), the means by which such costs
11 are recovered should not “lock in” future spending decisions by the Company.

12 **B. RESPONSE TO COMMISSION STAFF**

13 **Q. Ms. Kliethermes expresses concern about moving to inclining block rates based on**
14 **customer usage patterns and revenue stability, as well as the potential for over-**
15 **recovery of revenues due to the Company’s Fuel Adjustment Clause (“FAC”).¹⁸**
16 **Does DE have any responses to these concerns?**

17 A. Yes. As noted above, DE does not disagree that revenue stability should be considered as
18 a part of rate design. However, doing so does not necessitate placing more costs in the
19 first block of a declining block rate in order to assure revenue sufficiency. The Company
20 can still be provided with a reasonable opportunity to earn its revenues if more revenues

¹⁵ *Ibid*, page 22, lines 6-16.

¹⁶ ER-2016-0285, Miller Rebuttal, page 15, lines 1-2.

¹⁷ ER-2016-0285, Hyman Direct, page 16, lines 3-5, citing Lazar, Jim, et al., 2016, *Electricity Regulation in the US: A Guide*, 2nd ed., Montpelier, VT: The Regulatory Assistance Project, <http://www.raponline.org/wp-content/uploads/2016/07/rap-lazar-electricity-regulation-US-june-2016.pdf>, pages 185-186.

¹⁸ ER-2016-0285, Kliethermes Rebuttal, pages 2-6, lines 21-23, 1-11, 1-23, 1-11, and 1-18, and page 7, lines 7-14.

1 are placed in the second and third blocks of use and elasticity adjustments are made to
2 account for potential revenue shortfalls.

3 Regarding the FAC, DE notes that energy-related costs are not the only costs which
4 would be addressed by flat or inclining block rates. Such rate designs would also address
5 increased investments in plant required to meet higher use and demand by encouraging
6 customers to reduce use, avoiding or postponing these future plant investments. Also, if
7 the Company over-collected revenues through the FAC based on a modified residential
8 rate structure, the FAC is structured to provide credits to customers based on any over-
9 recoveries.

10 **Q. Ms. Kliethermes also raises concerns that flat or inclining block rates would not**
11 **necessarily send appropriate price signals to customers of varying sizes and**
12 **customers who undertake varying levels of energy efficiency.¹⁹ Does DE agree?**

13 A. Not entirely. It is true that flat or inclining block rates are not the most exact means of
14 addressing efficiency on a customer-by-customer basis. However, in the absence of
15 demand response rates, flat or inclining block rates provide a reasonable means to
16 approximate efficiency-inducing price signals for customers with varying levels of use.

¹⁹ *Ibid*, pages 6-7, lines 19-23 and 1-6.

1 **Q. Ms. Kliethermes indicates that movement towards inclining block rates should be**
2 **accompanied by a redefinition of the Company’s seasonal rates to include shoulder**
3 **months, as well as, “... a no more than 50% reduction to the existing differential in**
4 **this case, for the peak winter months of December, January, February, and March”**
5 **to reduce rate shock.²⁰ What is DE’s position on these ideas?**

6 A. DE supports a gradual transition to new residential rate designs, as provided in my Direct
7 Testimony. DE takes no position at this time regarding a redefinition of the Company’s
8 billing seasons, but is not opposed to gradual changes that avoid rate shock and support
9 the goal of increasing energy efficiency.

10 **Q. Is DE’s proposal designed to mitigate rate shock?**

11 A. Yes. DE’s proposal mitigates rate shock by not raising summer bills above five percent in
12 a single month for the 95th percentile of customers and by not raising winter bills above
13 five percent in a single month for all customers (compared to current bills).²¹

14 **Q. Why is it important to mitigate rate shock?**

15 A. Low-income customers tend to have lower usage but face higher energy burdens (i.e.,
16 higher energy costs compared to their incomes), as testified to by DE witness Ms. Sharlet
17 E. Kroll.²² The increased energy burden on low-income customers necessitates a gradual
18 transition to new rate designs so that low-income customers do not immediately incur

²⁰ *Ibid*, pages 7-8, lines 17-23 and 1-3.

²¹ ER-2016-0285, Hyman Direct, pages 21-22, lines 7-18 and 1-5.

²² Missouri Public Service Commission Case No. ER-2016-0285, *In the Matter of Kansas City Power & Light Company’s Request for Authority to Implement A General Rate Increase for Electric Service*, Direct Testimony of Sharlet E. Kroll on Behalf of Missouri Department of Economic Development – Division of Energy, November 30, 2016, pages 12-16, lines 1-18, 1-22, 1-15, and 1-10.

1 higher bills. However, as Ms. Kroll noted, inclining block rate designs can actually save
2 money for low- and average-use customers.²³

3 **Q. Ms. Kliethermes also indicates that, “... a move towards time-variable rates ...” is**
4 **more desirable than, “... a move to inclining block rates.”²⁴ Does DE agree?**

5 A. There is value in both types of rate designs. Demand response rates can encourage
6 customers to reduce or shift peak demand, while inclining block rates can encourage
7 efficiency even outside of peak periods. In an ideal scenario, DE would support
8 movement towards demand response rates as well as flat or inclining block rates.
9 However, barring the implementation of demand response rates, DE supports at least
10 beginning the transition towards flat or inclining block rates.

11 **IV. ELECTRIC VEHICLES**

12 **A. RESPONSE TO OFFICE OF THE PUBLIC COUNSEL**

13 **Q. Dr. Marke contests KCP&L’s CCN proposal.²⁵ Has DE responded to similar**
14 **concerns in the past?**

15 A. Yes. In the case regarding Union Electric Company d/b/a Ameren Missouri’s (“Ameren
16 Missouri”) recent EV charging corridor proposal, both I²⁶ and DE witness Mr. Parker J.

²³ *Ibid*, page 16, lines 2-9.

²⁴ ER-2016-0285, Kliethermes Rebuttal, page 7, lines 14-16.

²⁵ ER-2016-0285, Marke Rebuttal (Revenue Requirement), pages 33-54.

²⁶ Missouri Public Service Commission Case No. ET-2016-0246, *In the Matter of the Application of Union Electric Company d/b/a Ameren Missouri for Approval of a Tariff Setting a Rate for Electric Vehicle Charging Stations*, Rebuttal Testimony of Martin R. Hyman on Behalf of Missouri Department of Economic Development – Division of Energy, November 29, 2016.

Missouri Public Service Commission Case No. ET-2016-0246, *In the Matter of the Application of Union Electric Company d/b/a Ameren Missouri for Approval of a Tariff Setting a Rate for Electric Vehicle Charging Stations*, Surrebuttal Testimony of Martin R. Hyman on Behalf of Missouri Department of Economic Development – Division of Energy, December 19, 2016.

1 Tinsley²⁷ provided extensive testimony regarding the benefits of EVs for all utility
2 customers. In short, DE supports EV charging station proposals such as the CCN because
3 of the need to address EV charging infrastructure gaps, as well as the potential
4 environmental, transportation fuel diversification, energy security, and ratepayer benefits
5 from vehicle electrification. Concerns regarding fuel economy standards, stranded assets,
6 equity, and road maintenance were addressed at length by DE in that case.

7 **Q. Are there concerns with anti-competitive practices as a result of the CCN?**

8 A. No. Although the Company will ultimately install and operate over 1,000 EV charging
9 stations in Kansas and Missouri,²⁸ according to Mr. Rush, there are less than 100 public
10 charging ports statewide if CCN charging stations and auto manufacturer or dealer
11 charging stations are excluded from consideration.²⁹ Absent a competitive charging
12 market, there is a need to fulfill EV-driving customers' needs. Until that competitive EV
13 charging marketplace develops, KCP&L can provide EV charging services.

14 **Q. Could the Commission approve CCN tariffs without the inclusion of specified rates?**

15 A. This possibility was raised during the evidentiary hearing in Ameren Missouri's EV
16 charging station case, presumably to allow for the development of a competitive market.
17 DE is concerned that allowing a utility to offer a service without any price regulation

²⁷ Missouri Public Service Commission Case No. ET-2016-0246, *In the Matter of the Application of Union Electric Company d/b/a Ameren Missouri for Approval of a Tariff Setting a Rate for Electric Vehicle Charging Stations*, Rebuttal Testimony of Parker J. Tinsley on Behalf of Missouri Department of Economic Development – Division of Energy, November 29, 2016.

Missouri Public Service Commission Case No. ET-2016-0246, *In the Matter of the Application of Union Electric Company d/b/a Ameren Missouri for Approval of a Tariff Setting a Rate for Electric Vehicle Charging Stations*, Surrebuttal Testimony of Parker J. Tinsley on Behalf of Missouri Department of Economic Development – Division of Energy, December 19, 2016.

²⁸ Missouri Public Service Commission Case No. ER-2016-0285, *In the Matter of Kansas City Power & Light Company's Request for Authority to Implement A General Rate Increase for Electric Service*, Direct Testimony of Tim M. Rush on Behalf of Kansas City Power & Light Company, July 1, 2016, page 21, lines 1-5.

²⁹ ER-2016-0285, Rush Rebuttal, page 53, lines 2-4.

1 would lead to market uncertainty and the potential for “price gouging” – neither of which
2 would support the development of a customer-benefiting competitive EV charging
3 market. Given that the CCN should be offered above the line, the rates charged for its use
4 should be set at specific price levels (similar to most other utility offerings). It is also
5 possible that a range of prices (not to exceed the fully-allocated cost) could be allowed
6 through the CCN tariff, with the Company recording the actual rates charged for
7 examination in future rate cases. This type of approach is allowed by contract under the
8 tariffs of one of the state’s natural gas utilities for certain of its Large Firm General
9 Service, Interruptible Large Volume Gas Service, and Transportation Service
10 customers.³⁰

11 **Q. Dr. Marke cites a Kansas Corporation Commission (“KCC”) Order³¹ which denied**
12 **KCP&L’s CCN requests in Kansas.³² How does DE respond?**

13 A. DE notes that EV charging in Missouri is not subject to the laws or rules of Kansas, nor
14 to KCC orders. While the Commission can look to other states for guidance, the KCC’s
15 Order is not the best point of reference. The Order is not based on Missouri laws or rules,
16 and it does not lead to the recognition of the benefits which the CCN can provide. DE
17 also notes that, subsequent to the KCC Order, KCP&L halted the installation of

³⁰ Missouri Public Service Commission Case No. GR-2006-0387, Liberty Utilities (Midstates Natural Gas) Corp. d/b/a Liberty Utilities, Missouri Public Service Commission Gas Tariff of Liberty Utilities (Midstates Natural Gas) Corp. d/b/a Liberty Utilities, April 1, 2007, Negotiated Gas Sales Service, Sheet Nos. 34-35.

³¹ State Corporation Commission of the State of Kansas Docket No. 16-KCPE-160-MIS, *In the Matter of Kansas City Power & Light’s Application to Deploy and Operate its Proposed Clean Charge Network*, Order Denying KCP&L’s Application for Approval of Its Clean Charge Network Project and Electric Vehicle Charging Station Tariff, September 13, 2016. Attached as Schedule GM-9 to Dr. Marke’s Rebuttal Testimony (Revenue Requirement).

³² ER-2016-0285, Marke Rebuttal (Revenue Requirement), pages 35-36, lines 8-27 and 1-2.

1 additional charging stations in Kansas³³ – an outcome detrimental to ratepayers and the
2 EV marketplace.

3 **Q. What are Dr. Marke’s recommendations regarding the CCN?**

4 A. Dr. Marke opposes treatment of the CCN “above the line,” instead recommending
5 education and rate design which would support EV drivers.³⁴ He contends that EV
6 charging is not an “essential service,” and that the CCN should be undertaken on an
7 unregulated basis.³⁵ DE agrees that customers should be educated and provided with
8 optional demand response rates in order to support EV adoption. However, DE submitted
9 extensive comments in the Commission’s EV working docket showing that the
10 Commission has jurisdiction over EV charging offered to the general public;³⁶ given this
11 jurisdiction and the benefits that EV charging could provide, DE supports allowing
12 utilities to provide EV charging stations above the line and subject to Commission
13 regulation. Such regulation is needed to ensure ratepayer and market protections and
14 benefits. DE also questions why revenues (and costs) from the CCN should be treated
15 below the line when at-home EV charging revenue is, presumably, treated above the line.

³³ Uhlenhuth, Karen. 2016. “State regulators cool to Kansas City utility’s electric vehicle plans.” *Midwest Energy News*. October 27. <http://midwestenergynews.com/2016/10/27/state-regulators-cool-to-kansas-city-utilities-electric-vehicle-plans/>.

³⁴ ER-2016-0285, Marke Rebuttal (Revenue Requirement), pages 53-54, lines 1-24 and 1-3.

³⁵ ER-2016-0285, Marke Rebuttal (Rate Design), page 5, lines 7-12.

³⁶ Missouri Public Service Commission Case No. EW-2016-0123, *In the Matter of a Working Case Regarding Electric Vehicle Charging Facilities*, Missouri Department of Economic Development – Division of Energy Responses to Staff Questions in EW-2016-0123, March 1, 2016, pages 1-5.

1 **B. RESPONSE TO COMPANY**

2 **Q. Mr. Rush supports allowing CCN host sites and the Company to set Session**
3 **Charges within a tariffed range,³⁷ or, in the alternative, a fixed Session Charge**
4 **amount.³⁸ Does DE support the implementation of Session Charges?**

5 A. Not at this time. The potential to implement Session Charges at the beginning of an EV
6 charging session raises the possibility of unfair treatment towards drivers with slower
7 charging speeds. Additionally, the Session Charges have not been demonstrated to be
8 necessary based on the evidence in the record. Optional Session Charges would also
9 create uncertainty as to pricing.

10 **Q. Mr. Rush states that a competitive market for EV charging is not allowed under**
11 **current statutes, but supports future participation by third parties.³⁹ What is DE's**
12 **recommendation regarding the competitive marketplace for EV charging?**

13 A. DE supports the re-examination of Company rules prohibiting the resale of electricity by
14 certain customers,⁴⁰ potentially by creating wholesale tariffs which allow third-party
15 charging providers to participate in the EV charging station market.

³⁷ ER-2016-0285, Rush Rebuttal, pages 50-51, lines 18-21, 1-7, and 10-13.

³⁸ *Ibid*, page 51, lines 14-15.

³⁹ *Ibid*, page 53, lines 5-12.

⁴⁰ See the rules and regulations of the Company at: Missouri Public Service Commission Tariff Nos. 81-181 and unmarked, Kansas City Power & Light Company, Schedule of Rates for Electricity, Rules and Regulations, Multiple Occupancy Premises – Resale and Redistribution, Multiple Occupancy Premises – Present Resale Practices, and Mobile Home Service – Resale of Electric Service, January 19, 1981 and January 1, 1988, Sheet Nos. 1.19-1.20, 1.20-1.21, and 1.49.

1 **C. RESPONSE TO COMMISSION STAFF**

2 **Q. Ms. Kliethermes opposes KCP&L’s proposed Session Charges for the CCN, instead**
3 **indicating that any Session Charges, “... should be established as a set dollar rate in**
4 **the tariff”⁴¹ Does DE support the use of Session Charges?**

5 A. As noted above, DE does not support the use of Session Charges at this time.

6 **Q. Does DE support Ms. Kliethermes’s proposal to use a TOU rate for CCN charging**
7 **stations?⁴²**

8 A. No. While TOU rates might be reasonable to offer as an option for customers more
9 generally, their implementation at CCN charging stations would serve little purpose.
10 Customers connecting to these charging stations would not necessarily have the flexible
11 demand which TOU rates typically target, since these customers might need to charge at
12 any given moment to support their driving needs. A TOU rate would most likely lead to
13 higher rates for customers using these chargers during the day, with little to no shift in
14 demand to offset the higher bills.

15 **Q. Mr. Murray supports a TOU rate for residential customers with EVs which would**
16 **cover all usage by participants.⁴³ Does DE support this proposal?**

17 A. DE supports an opt-in demand response rate which would be available to all residential
18 customers, regardless of their end uses. The Commission should not discriminate by
19 “singling out” specific end uses in designing demand response rates, but should set rates
20 which encourage load shifting irrespective of what loads are shifted. DE appreciates the
21 desire that EV charging at home occur during off-peak hours, but does not support

⁴¹ ER-2016-0285, Kliethermes Rebuttal, page 9, lines 11-14.

⁴² *Ibid*, pages 9-10, lines 15-23 and 1-10.

⁴³ ER-2016-0285, Murray Rebuttal, pages 3-4, lines 23 and 1-7.

1 targeting demand response rates only to EV drivers in light of the savings such rates
2 could provide for the entire customer base.

3 **Q. Does Mr. Murray indicate a shift in Staff's position regarding the accounting**
4 **treatment of the CCN?**

5 A. Yes. He states that Staff now supports treating costs and revenues related to the CCN
6 "above the line," but that costs not covered by revenues should, "... be offset by a
7 separate revenue imputation" to hold ratepayers harmless.⁴⁴ DE appreciates Staff's
8 movement towards treating the CCN from an accounting perspective as a normal,
9 regulated asset. However, DE is unclear why the CCN necessitates special accounting
10 treatment in terms of unrecovered costs if it is to be treated like other regulated assets.

11 **V. CUSTOMER FINANCING**

12 **Q. Mr. File discusses PACE financing in his Rebuttal Testimony.⁴⁵ Does DE have**
13 **additional information from the Company regarding its PACE financing-related**
14 **efforts?**

15 A. Yes. The Company has communicated to DE that it will increase its promotion of PACE
16 financing.⁴⁶ DE appreciates this step and looks forward to additional work by the
17 Company on supporting this financing opportunity.

18 **Q. What does Mr. File state with regard to KCP&L's position regarding on-bill**
19 **financing?**

20 A. Mr. File notes the Company's research regarding on-bill financing as part of the
21 collaborative process resulting from its most recent MEEIA case,⁴⁷ but ultimately

⁴⁴ *Ibid*, pages 1-2, lines 19-23 and 1-8.

⁴⁵ ER-2016-0285, File Rebuttal, pages 2-3, lines 12-23 and 1-11.

⁴⁶ File, Brian A., e-mail, January 12, 2017.

1 concludes that there may be too many detriments to offering on-bill financing as
2 compared to other financing options.⁴⁸

3 **Q. Has the Company indicated that it will pursue an on-bill financing program at this**
4 **time?**

5 A. No. Unfortunately, the MEEIA collaborative process did not result in the proposal of any
6 new programs by the Company. DE urges the Company to continue considering the
7 implementation of an on-bill financing program, as well as additional financing options
8 for customers. DE will remain a resource for the Company in exploring customer
9 financing.

10 **VI. VALUE OF SOLAR**

11 **Q. Does Dr. Marke support a value of solar study?**

12 A. Dr. Marke indicates that he does not currently support such a study, citing
13 methodological uncertainties, transaction costs, and the changing policy and energy
14 market environments.⁴⁹

15 **Q. Does DE support a value of solar study as part of this proceeding?**

16 A. No, although DE does support a more general value of solar study based on inputs
17 common to all of the investor-owned utilities in Missouri.

⁴⁷ ER-2016-0285, File Rebuttal, pages 3-4, lines 18-23 and 1-6.

⁴⁸ *Ibid*, pages 4-5, lines 21-26 and 1-6.

⁴⁹ ER-2016-0285, Marke Rebuttal (Rate Design), page 7, lines 1-19.

1 **Q. Dr. Marke states that, “... a valuation analysis needs to be tied to a rate impact**
2 **analysis to examine what an increase in solar would mean in terms of the overall**
3 **impact on bills for non-solar customers.”⁵⁰ Does DE agree?**

4 A. Yes, in part. However, DE would note that the analysis should also examine overall bill
5 effects on customers with solar installations, as well as bill effects on all customers
6 within a particular customer class. DE further notes that the value of solar study should
7 include any reductions in customer bills due to avoided plant investment and avoided
8 energy and environmental compliance costs which could result from increased solar
9 deployment.

10 **VII. CONCLUSIONS**

11 **Q. Please summarize your conclusions and the positions of DE.**

12 A. DE supports moving residential general use rates towards flat or inclining block rates.
13 Additionally, DE supports consideration of the CCN as a regulated asset above the line,
14 as well as re-examining Company tariffs regarding the resale of electricity; DE supports
15 offering a demand response rate to all customers, not just to customers that drive EVs.
16 DE continues to support increased outreach by the Company on PACE financing and the
17 examination of providing on-bill financing, along with other financing options. While DE
18 does not support a value of solar study as part of this proceeding, DE supports a broader
19 value of solar study which would include consideration of the benefits and costs of solar
20 for all customers.

21 **Q. Does this conclude your Surrebuttal Testimony in this case?**

22 A. Yes.

⁵⁰ *Ibid*, lines 9-10.